

COUNCIL MINUTES

May 18, 2020

The City Council of the City of Mesa met in a Study Session Meeting via a virtual format streamed into the lower level meeting room of the Council Chambers, on May 18, 2020 at 5:02 p.m.

COUNCIL PRESENT

John Giles*
Mark Freeman*
Jennifer Duff*
Francisco Heredia*
David Luna*
Kevin Thompson*
Jeremy Whittaker*

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Dee Ann Mickelsen
Jim Smith

(*Council participated in the meeting through the use of video conference equipment.)

Mayor Giles conducted a roll call.

1. Review and discuss items on the agenda for the May 18, 2020 Regular and Special Council meetings.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None

Items removed from the consent agenda: None

In response to a question posed by Councilmember Duff regarding Item 9b, **(A resolution approving a Five-Year Capital Improvement Program for fiscal years ending 2021-2025. (Citywide))**, on the Regular Council meeting agenda, Office of Management and Budget Deputy Director Scott Butler displayed a PowerPoint presentation and stated he would provide an overview of the Capital Improvement Plan (CIP). **(See Attachment 1)**

Mr. Butler highlighted a majority of the CIP projects are bond financed. He mentioned that Parks, Public Safety, and Transportation projects are secured with property tax and the Water, Wastewater, Gas, and Electric Utility programs are covered by utility revenues. (See Page 2 of Attachment 1)

Mr. Butler explained the percentage breakdown for the Fiscal Year (FY) 2021-25 CIP. He added for FY 20/21 there are a number of projects in the utility bond program, including upgrades at

various plants both for the water and wastewater programs. He pointed out in the five-year program, as the plant upgrades are completed, the majority of funding shifts over to general obligation bonds. He expanded by saying last month Council was updated on the projects that will be delayed due to the current pandemic. (See Page 3 of Attachment 1)

Mr. Butler compared the current and next FY project spending, stating the bulk of the difference is tied to the completion of the Greenfield Water Reclamation expansion, and in FY 20/21 the funding shifts toward the General Obligation side. He mentioned funds are carried over to next year on projects that are currently underway. (See Page 4 of Attachment 1)

Mr. Butler highlighted Eagles Park and Signal Butte Park projects have been completed in relation to the 2012 Parks Bond Program and will be great assets for the community going forward. (See Page 5 of Attachment 1)

Mr. Butler reviewed the current Parks, Public Safety and Transportation projects that are currently underway. (See Pages 6 and 7 of Attachment 1)

Mr. Butler reminded Council that the Plaza at Mesa City Center, the communication fiber, and Fire Station 221 projects in relation to the 2018 Bond Program continue as planned. (See Page 8 of Attachment 1)

Mr. Butler advised the Parks projects under the 2018 Bond Program will continue with land acquisition and design only, pending a review of the economic situation related to COVID-19. (See Page 9 of Attachment 1)

Mr. Butler stated the 2018 Bond Program included money for Fire apparatus replacement which is the normal replacement schedule for existing apparatus. He commented the current order is being filled; however, Mesa Fire and Medical are revising the schedule to delay additional purchases going forward. (See Page 10 of Attachment 1)

Mr. Butler explained the projects identified for deferment in FY19/20 total \$6.1 million and for FY 20/21 total \$7.5 million. He mentioned these projects will come before Council in June to discuss the finalized list of deferred projects. (See Page 11 of Attachment 1)

Mr. Butler identified the active utility projects which include improvements to the Northwest Water Reclamation Plant and replacing utility lines during street improvements, among others. (See Pages 13 and 14 of Attachment 1)

Mr. Butler remarked given the current economic situation, staff is proposing deferring Capital Improvement Projects (CIP) until February 2021 at which time Council will be updated on the program. (See Page 14 of Attachment 1)

In response to a previous question from Councilmember Duff, Mr. Butler explained the 2018 bond projects were left in the CIP as scheduled and the General Fund dollars are tied to the Northeast Public Safety Facility or the Southeast Library Facility, which will be delayed based on the revised schedule.

Mr. Brady advised when the schedules are created for capital projects, staff builds into the operating forecast the costs to staff the facilities.

In response to a question from Councilmember Duff, Mr. Brady stated FY 24/25 is the schedule date for completion and opening of the facilities, and with the opening comes the anticipation of operating costs and staffing costs to support the facilities.

Mr. Butler announced the numbers in the ongoing section are cumulative and built into the forecast. He reminded Council that the CIP is a five-year program, so the numbers at the end of FY 24/25 means the amount of money spent in total for the projects on the operations side, with the majority of the funding being tied to the library and the two Public Safety facilities.

Mr. Brady commented on the previous conversations regarding the future transportation bond. He pointed out with the recent adjustments, staff has not been able to do outreach and vet the projects; therefore, the recommendation at this time is not to pursue a transportation bond this fall and defer for at least another year.

In response to a series of questions from Mayor Giles regarding whether the lack of a street bond would impact the City's ability to participate in Proposition 400 activities, Mr. Brady advised there are ongoing discussions throughout the region on the timing to pursue the extension. He explained the City would be better suited to accelerate projects where there is an authorization in place, but a one-year delay within a 20-year plan will not make a significant difference. He feels it is a difficult time to go to voters for an adjustment in the property tax levy. He advised that Mr. Butler has done a good job budgeting and leveraging the street transportation bonds and he has identified the matching dollars for at least the next year.

In response to a question posed by Councilmember Whittaker, City Clerk Dee Ann Mickelsen commented if the bond authorization were pushed out a year, the City would be responsible for the cost of the special election. She estimated the cost to be approximately \$600,000.

Mayor Giles stated the unlikelihood that the City would call a special election to propose a street bond and inquired of Mr. Brady whether that was what he was considering.

Mr. Brady commented the delay could be for a year or two; however, that would create challenges in Southeast Mesa and other parts of the City that have traffic issues. He mentioned if Council would like to pursue the street bond, staff can bring the project list back and put the item on the agenda in June. He stated the annual cost to the average homeowner would be approximately \$25 per year.

Mayor Giles advised he does not have an issue with waiting until the next regular election to pursue the street bond but would reconsider if waiting would prevent the City from participating in the Proposition 400 projects and leveraging the regional dollars. He requested that staff research the question before making his final decision.

Councilmember Thompson discussed the transportation needs in Southeast Mesa.

In response to a series of questions from Councilmember Thompson, Mr. Brady clarified the residents will not see the secondary property tax levy until the bond debt is issued; however, the way the language on the ballot reads does not specify when the tax will go into effect and the voter will not know that the levy will not be raised until after the bond is sold. He confirmed the history has been that residents support utility, transportation, and Public Safety bonds. He stated staff will bring the list of projects to the next Council meeting for direction on pursuing the transportation bond.

In response to a question posed by Councilmember Thompson regarding whether the lawsuit has been settled on the Public Safety sales tax piece, City Attorney Jim Smith commented that litigation has been resolved.

Councilmember Luna expressed the opinion that Council should delay the transportation bond issue and continue to deal with the issues related to COVID-19 and the economy.

Mayor Giles acknowledged the sentiment of voters is conservative due to the uncertainty of the economy. He stated he is curious to see which specific projects could proceed absent a new street bond.

Further discussion ensued relative to the transportation bond issue and the timeline for placing the issue on the ballot, with the understanding that staff will come back to Council with a transportation review at the next meeting.

In response to a series of questions from Councilmember Whittaker, Mr. Brady explained the proceeds from the Pinal County land sale is the largest amount used to pay down debt obligations. He remarked the federal building renovation was a previously approved bond project that was passed in 2012 which is currently in conceptual design. He stated the available funding will get the building to the point of being occupied for general use and at that point staff will return to Council for direction on specific use.

In response to a question posed by Councilmember Whittaker, Management & Budget Director Candace Cannistraro described the payment in lieu of franchise fee totals approximately \$12 million in the Fiscal Year (FY) 20/21 budget. She clarified the \$12 million is not included in the General Fund transfer, adding there is a transfer to the General Fund and then there is the payment in lieu, which is an expense to the utilities. She identified the other change from the ordinance approved by Council was the non-utility Enterprise programs, including the Convention Center, the Amphitheater and the Spring Training Programs, have been moved from the Enterprise Fund to the General Fund which produces a savings to the Enterprise Fund of approximately \$6.2 million.

2-a. Hear a presentation and discuss a proposed utility assistance program to be administered by Mesa CAN to be funded by CARES stimulus funding.

Mr. Brady introduced Business Services Director Ed Quedens and Mike Hughes, President and Chief Executive Officer (CEO) of A New Leaf, who displayed a PowerPoint presentation. **(See Attachment 2)**

Mr. Quedens advised the Utility Assistance Program, which will fall under the Mesa CARES Program, will provide utility assistance to Mesa residents affected by COVID-19. (See Page 2 of Attachment 2)

Mr. Quedens stated the recommendation is to partner with Mesa CAN and provide them \$1 million in additional funding to expand the existing Mesa Utility Assistance Program to meet the increased needs. (See Page 3 of Attachment 2)

Mr. Quedens reminded Council the existing program is administered by Mesa CAN with a budget of \$125,000 per FY for Mesa resident utilities and does not cover Southwest Gas or Salt River Project (SRP). (See Page 4 of Attachment 2)

Mr. Quedens reported under the existing program individuals apply for assistance through Mesa CAN, who sends the award information to the City to apply the funds to the customer's utility account. (See Page 5 of Attachment 2)

Mr. Quedens explained under the Mesa CARES Utility Assistance Program, adjustments need to be made to the criteria to comply with the CARES Act requirements. He mentioned the assistance must be due to financial hardship from COVID-19 and will be open to Mesa residents for Mesa, SRP and Southwest Gas utility assistance. (See Page 6 of Attachment 2)

Mr. Quedens stated once the award information is received, the funds will be transferred to the utility for payment and that no funds will be exchanged between the City and the customer. (See Page 7 of Attachment 2)

Mr. Quedens highlighted the other assistance programs Mesa CAN works with, stating the advantage of partnering with Mesa CAN is the additional resources available to help residents. (See Pages 8 and 9 of Attachment 2)

Mr. Quedens continued by saying the next steps are to finalize the program with Mesa CAN. He stated the main issues are the resources needed and the outreach efforts. (See Page 10 of Attachment 2)

Councilmember Thompson agreed with the concept of pushing the funding to Mesa CAN and shared his experiences in working with Mesa CAN. He pointed out the need for assistance will grow, especially if small businesses are not able to open their doors.

In response to a series of questions from Councilmember Heredia, Mr. Quedens expressed the need to ramp up staffing at Mesa CAN, which could go through the first couple of weeks of June. He added the program is playing catch-up because utility assistance was not clarified in the CARES Act until the beginning of May. He mentioned the case managers have the ability to locate all available resources to help Mesa residents.

In response to a question posed by Councilmember Heredia regarding whether \$1 million is enough to fund the program and meet the demand, Mr. Brady advised he does not know the answer. He continued by saying that the goal for the program is to provide needed assistance through the summer and can evaluate as the program moves along. He stated if the need is much greater than anticipated, Council can consider allocating dollars from other programs to cover the difference.

Councilmember Luna concurred that Mesa CAN has the infrastructure in place and does a great job assisting Mesa residents. He expressed his appreciation for the City working with non-profits to provide the help needed. He requested that the City get the word out as quickly as possible to let the community know about the available assistance.

Mr. Brady clarified the anticipation for the program is not doing a broad advertisement but going into the accounts receivable report to identify the individuals who are falling behind and reaching out to encourage participation in the program.

In response to a question from Councilmember Duff, Mr. Brady explained the CARES Act funding must apply to delinquencies that have occurred after March 1, but suggested Mesa CAN may have other opportunities to go farther back. He confirmed the \$125,000 is in addition to the \$1 million.

Mr. Quedens added that Mesa CAN does have different funding sources available to address needs that are not COVID-19 related.

In response to a question posed by Councilmember Duff, Mr. Quedens recommended if residents have questions to call the Mesa CARES hotline at 644-CARE.

Mr. Brady discussed that staff will be expanding the hours to call into Mesa CAN. He reminded Council the process of referring residents to Mesa CAN for assistance is not changing; however, the City is increasing the support amount due to the greater need.

In response to a question from Vice Mayor Freeman regarding whether Mr. Hughes is supportive of the program, Mr. Hughes emphasized Mesa CAN has been providing assistance for 14 years and with the increased dollars will be able to expand the staffing and hours to support the community. He stressed Mesa CAN is willing and able to make the program a success.

Mayor Giles stated the consensus of Council is to authorize the recommendations presented and thanked Mr. Quedens for the presentation.

3. Acknowledge receipt of minutes of various boards and committees.

3-a. Community and Cultural Development Committee meeting held on March 19, 2020.

It was moved by Councilmember Luna, seconded by Councilmember Thompson, that receipt of the above-listed minutes be acknowledged.

Upon tabulation of votes, it showed:

AYES – Giles-Freeman-Duff-Heredia-Luna-Thompson-Whittaker

NAYS – None

Carried unanimously.

4. Current events summary including meetings and conferences attended.

Councilmember Thompson – Acknowledged Mesa Firefighters assisting with the Cave Creek fire

Councilmember Duff – Mesa United Way Island Zoom Party

Councilmember Duff announced on May 20 the canned food drive will be at the Mesa Convention Center from 7:00 a.m. to 12:00 p.m.

5. Scheduling of meetings.

City Manager Christopher Brady stated that the schedule of meetings is as follows:

Thursday, May 21, 2020, 7:30 a.m. – Study Session

6. Adjournment.

Without objection, the Study Session adjourned at 6:06 p.m.

JOHN GILES, MAYOR

ATTEST:

DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 18th day of May 2020. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

la
(Attachments – 2)

FY 2021-2025 CIP Overview

City Council Study Session

May 14, 2020

Scott Butler | Office of Management & Budget

Major Active Capital Projects



Parks



Public Safety



Transportation



Water



Wastewater



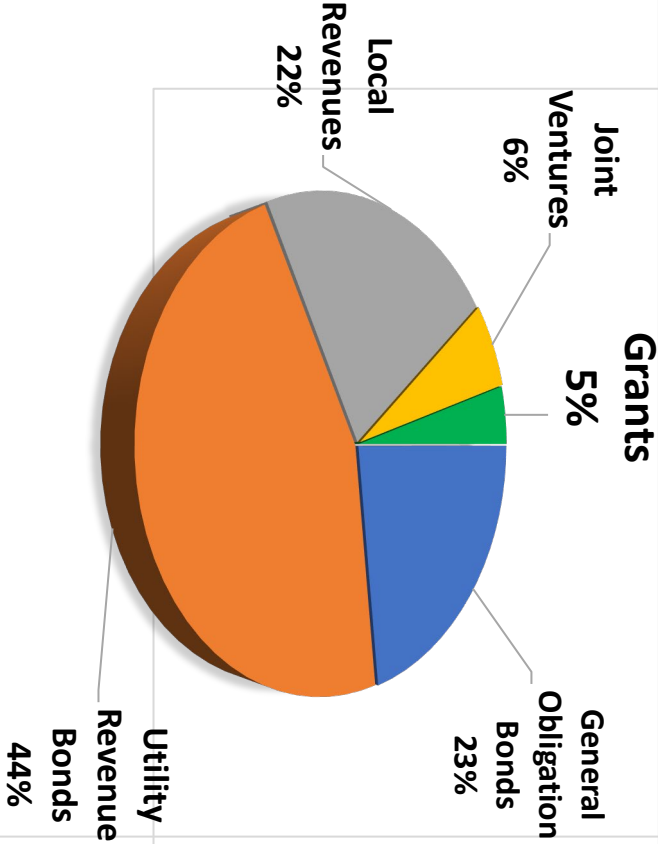
Gas



Electric

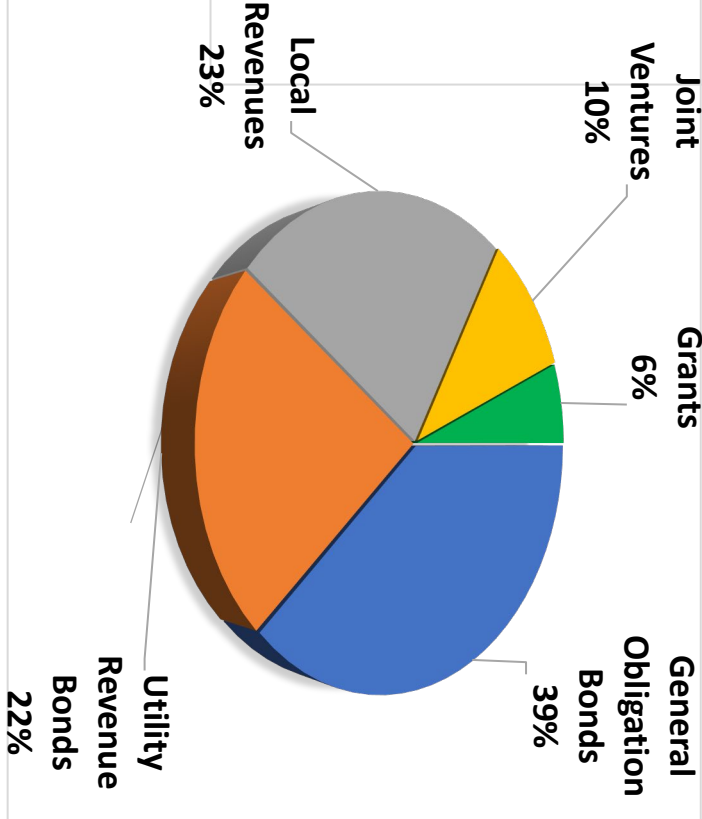
FY 2021-25 CIP

FY 20/21



*Excludes budget carryover or future utility bonds

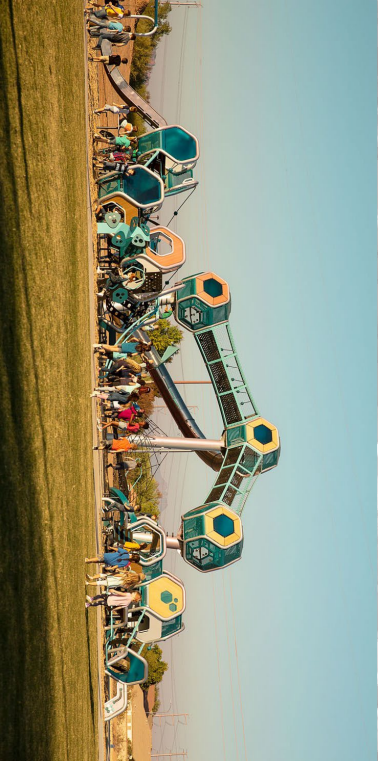
2021-2025



Fiscal Year Comparison

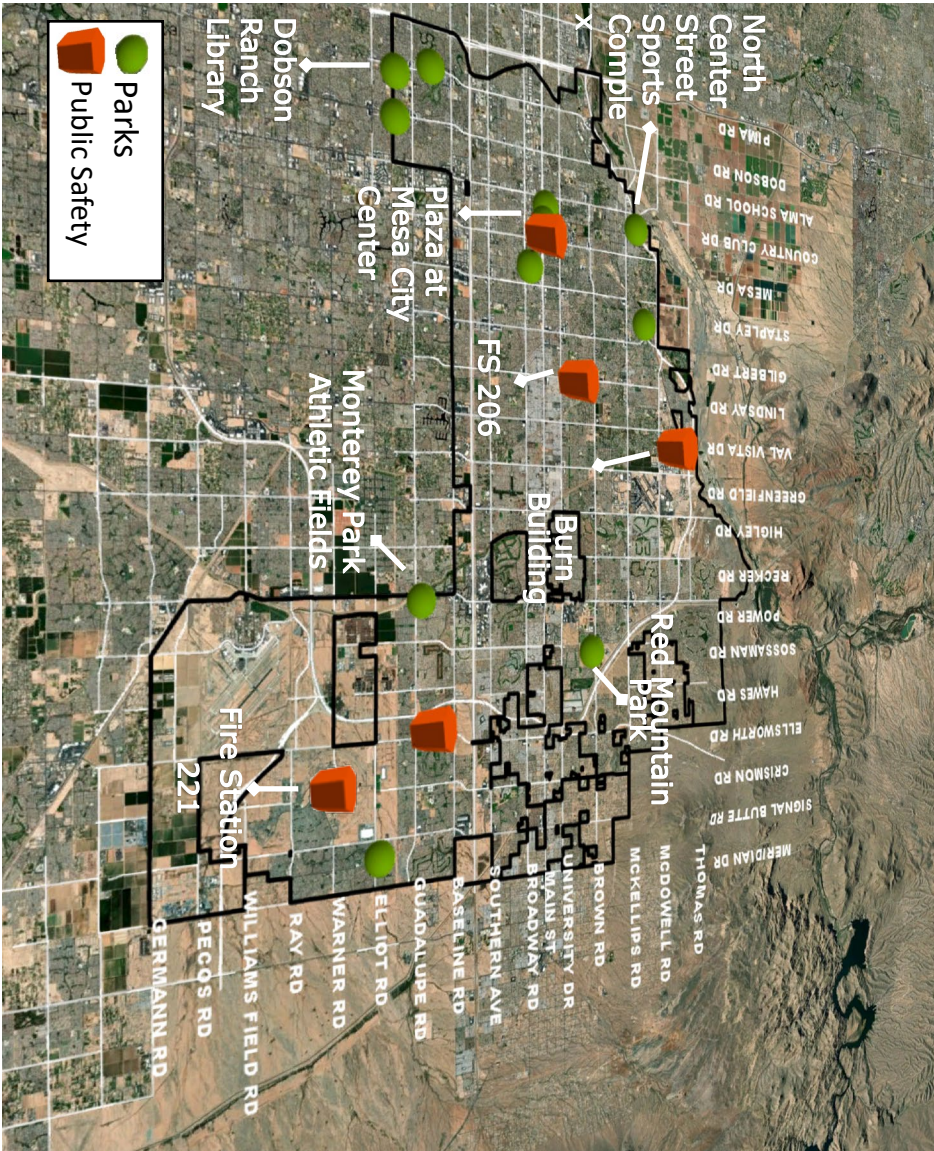
Funding Source	FY 19/20	FY 20/21
General Obligation Bonds	\$32.9M	\$52.7M
Utility Revenue Bonds	126.8M	100.4M
Local Revenues	74.2M	49.5M
Joint Ventures	81.8M	14.6M
Grants	15.0M	10.2M
	\$330.7 M	\$227.4M

*Excludes budget carryover

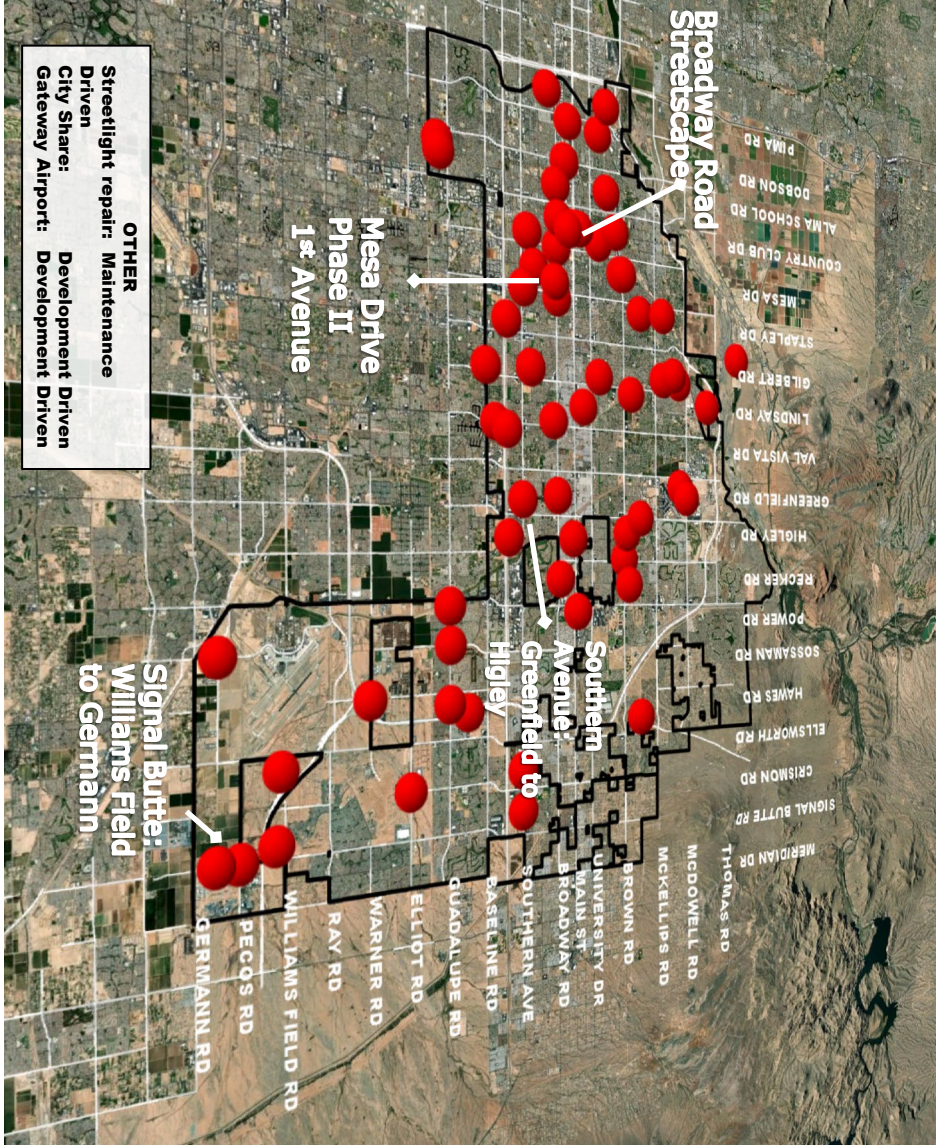


Recently completed 2012 Park Bond Projects

Parks & Public Safety Projects



Active Transportation Projects



2018 GO Bond Projects – On Schedule



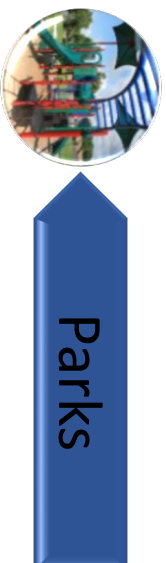
Plaza at Mesa City
Center



Communication Fiber
Fire Station 221



2018 GO Bond Projects Land Acquisition & Design Only



Library Improvements

North Center Street

Monterey Park

Red Mountain Park



2018 GO Bond Project – Deferred



Fire Apparatus Replacement



COVID-19 Project Deferrals

Project Type	FY 19/20	FY 20/21
Communications/Technology	\$1.5M	\$1.2M
Facilities Maintenance	3.0M	0.9M
Parks & Culture	1.0M	1.6M
Public Safety	0.6M	3.9M
	\$6.1M	\$7.5M

Active Utility Projects

Advanced Metering
Infrastructure (AMI)

City Center Utilities

Greenfield Water Reclamation
Plant Expansion

Mesa Drive Phase II

Northwest Water
Reclamation Plant
Improvements

Water Aging Main
Replacement

Water Meter Vault
Rehabilitation

Active Utility Projects

1st Avenue Improvements

McKellips Road Natural Gas
Line

McDowell Road Natural Gas
Line

Meter Replacements

Water Reservoir
Rehabilitation

Groundwater Well
Replacement

Southeast Water
Reclamation Plant
Improvements

CIP Planning

Due to COVID-19, further planning and evaluation of future projects in these capital programs will be deferred until February 2021:

- Transportation
- Electric
- Gas
- Wastewater
- Water

Questions?



Mesa CARES

Ed Quedens, Business Services Director
Mike Hughes, President/CEO, A New Leaf
May 18, 2020



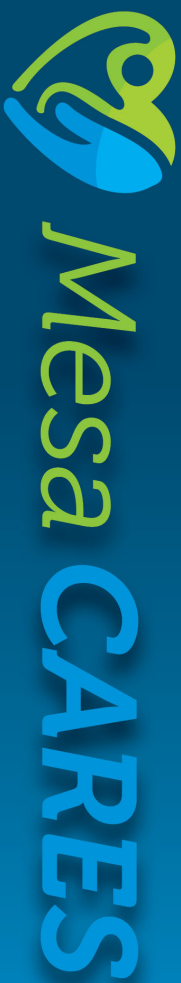
Utility Assistance Program Mission

To provide utility assistance to Mesa residents negatively affected by COVID-19.



Utility Assistance Program

- Partner with Mesa CAN
- Providing them with \$1.0M in additional funds through Mesa CARES
- Expand our existing utility assistance program to meet the increased community need due to the pandemic.



Existing Utility Assistance Program

- \$125,000 per fiscal year
- Administered by Mesa CAN
- Mesa Residents for Mesa Utilities
- Mesa CAN's Application, Evaluation and Award Criteria



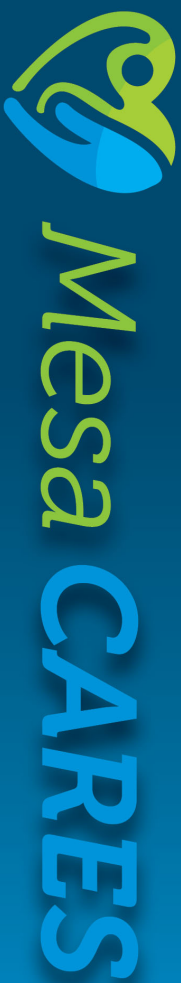
Existing Utility Assistance Program

- Individuals apply for assistance through Mesa CAN
- Mesa CAN sends award information to the City and we post the funds to the customer's account



Mesa CARES Utility Assistance Program

- Criteria for Mesa CARES funds modified to COVID-19 related financial hardship requirements
- Open to Mesa residents for Mesa, SRP and Southwest Gas utilities



Mesa CARES Utility Assistance Program

- Mesa Utilities - Mesa CAN sends award information and Mesa posts the funds to the customer's account
- SRP & Southwest Gas – Mesa CAN sends award information and check and SRP/SWG posts the funds to the customer's account



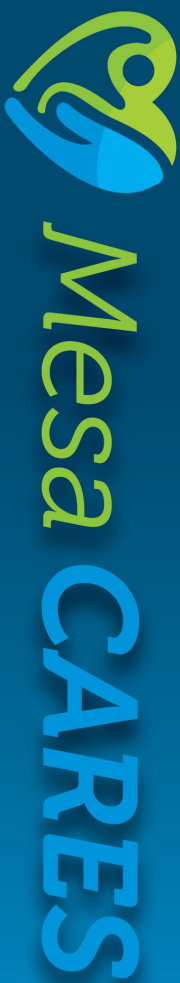
Other Assistance Programs

- Mesa CAN Utility Assistance Program
 - Normal funding sources/program (Non-COVID)
 - Non-Mesa CARES COVID-19 funding from CARES/DES
- Mesa Utility Assistance Program (\$125K) (Non-COVID)
- Low, Income Senior Program
- Other wraparound services and programs



Other Assistance Programs

- Mesa Summer Energy (Electric) Assistance Program (Energy Resources)



Next Steps

- Finalize Program with Mesa CAN
- Resource needs and ramp-up
- Hours and Location(s)



QUESTIONS?